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PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDF RUEHIK RUEHLH RUEHLN RUEHLZ
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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 0079
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3255
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1070
RUEHKO/AMEMBASSY TOKYO PRIORITY 0941
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1518
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RUEHVEN/USMISSION USOSCE PRIORITY 2119
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

UNCLAS ASHGABAT 000076

SIPDIS

SENSITIVE
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STATE FOR SCA/CEN, EEB
STATE PLEASE PASS TO USTDA DAN STEIN
COMMERCE FOR HUEPER
ENERGY FOR EKIMOFF/THOMPSON

E.O. 12958: N/A

TAGS: [PGOV](#) [ENRG](#) [EPET](#) [TX](#)

SUBJECT: TURKMENISTAN: NO MORE SUBSIDIZED GASOLINE?

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: During the president's first cabinet meeting this year on January 11, the Government decided to establish a quota-based fuel-distribution mechanism. Under this plan, Turkmenistan nationals will be given a certain volume of gasoline and diesel free of charge, while any additional fuel will be sold at "domestic commercial prices." The Government has not so far announced whether foreign entities will get quotas. The new system supposedly will be implemented gradually, but no kick-off date has been given. While it is unclear whether the new measure is motivated by the need to cut consumption and/or a decision to begin phasing out subsidies, general perception is that it will have yet another negative impact on the already-high rate of inflation in the country. END SUMMARY.

THE NEW QUOTAS

13. (U) According to a plan announced during President Berdimuhamedov's first cabinet meeting of the year on January 11, Turkmenistan nationals owning vehicles with a total weight of up to 3.5 tons will be entitled to 120 liters of gasoline a month free of charge. Owners of heavier trucks, buses, and diesel-run vehicles will be entitled to 200 liters of fuel free. Excess volumes will be charged at what Deputy Cabinet Chairman for Gas and Oil Tachberdi Tagiyev described as the "domestic commercial price." Such a price has not been announced, if it has even yet been determined. Rumors are circulating that the price could be anywhere from 2,500 manat (or around 12 cents at the current commercial rate of 20,000 manat to the dollar) to 20,000 manat per liter (\$1).

DEPUTY CHAIRMAN TAGIYEV'S "PROPOSAL"

14. (U) The January 11 Turkmenistani official news program showed Tagiyev making this potentially very unpopular proposal to the President, who in turn accepted it. Tagiyev said he reached the

decision to suggest the quota system after talking to Turkmenistani petroleum sector experts. However, the newscaster stated that the measure had come from an earlier tasker by the president.

15. (U) Tagiyev did not explain the rationale for switching to the new arrangement, nor did he provide any timeline for implementing it. The president instructed implementers to phase in the program and to use best international practices.

16. (SBU) COMMENT: It is unclear whether the motivation for the quota system is conservation, or a decision to phase out gasoline subsidies and begin moving toward a more commercial pricing system, or both. However, the higher fuel prices will likely further boost inflation and are already provoking negative comments on the streets. International financial institution representatives have expressed concern that, when taken together with ongoing efforts to unify the currency exchange rates, the authorities may be trying to introduce too many changes too quickly and with insufficient planning. We also wonder what kind of new bureaucracy will be needed to keep track of who gets how much vehicle fuel. END COMMENT.

HOAGLAND